



Control Number: 48791



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**PUC DOCKET NO. 48791**

**APPLICATION OF PENDLETON §  
HARBOR WATER SUPPLY §  
CORPORATION AND G-M WATER §  
SUPPLY CORPORATION FOR SALE, §  
TRANSFER, OR MERGER OF §  
FACILITIES AND CERTIFICATE §  
RIGHTS IN SABINE COUNTY §**

**PUBLIC UTILITY COMMISSION**

**OF TEXAS**

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**JOINT MOTION TO ADMIT EVIDENCE AND PROPOSED ORDER APPROVING  
SALE/TRANSFER TO PROCEED**

COME NOW, Pendleton Harbor Water Supply Corporation (“Pendleton”) and G-M Water Supply Corporation (“G-M”) (collectively, applicants) together with the Staff of the Public Utility Commission of Texas (Staff), (collectively, the Parties), and file this Joint Motion to Admit Evidence and Proposed Order Approving Sale/Transfer to Proceed. In support thereof, the Parties show the following:

**I. BACKGROUND**

On October 17, 2018, Applicants filed an application for Sale, Transfer, or Merger of Facilities and Certificate Rights in Sabine County, Texas. Specifically, the applicants seek to transfer all of Pendleton’s facilities and service area under sewer Certificate of Convenience and Necessity Number 10737 to G-M. The requested transfer includes approximately 1,024 acres and 234 current customers.

Staff filed a recommendation requesting the entry of an order permitting the proposed transaction to proceed on June 27, 2019. Order No. 9, issued on August 13, 2019 requested the parties to submit a motion to admit evidence and a proposed order approving the sale. This pleading is therefore timely filed.

**II. JOINT MOTION TO ADMIT EVIDENCE**

The Parties move to admit the following into the record evidence of this proceeding:

- (a) The applicants’ application, filed on October 17, 2018;
- (b) The applicants’ first proof of notice and supporting documentation, filed on May 8, 2019;
- and

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- (c) The applicants' revised proof of notice with updated mapping information and supporting documentation, filed on June 11, 2019. The Applicant's revised proof of notice and supporting documentation was filed on June 11, 2019;
- (d) Commission Staff's recommendation on the sale to proceed, filed on June 27, 2019.

### **III. JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED**

The attached Joint Proposed Order Approving Sale/Transfer to Proceed would authorize the transfer to G-M of all of Pendleton's facilities and service area under sewer Certificate of Convenience and Necessity Number 10737

### **IV. CONCLUSION**

The Parties respectfully request that the Commission authorize the proposed transaction to proceed.

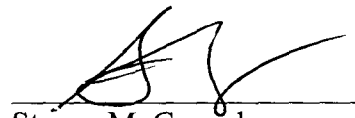
Dated: August 23, 2019

Respectfully Submitted,

#### **PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION**

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**CERTIFICATE OF SERVICE**

I, Steven M. Gonzalez, staff attorney for the Public Utility Commission of Texas, certify that a copy of this document was served on all parties of record in this proceeding on August 23, 2019, pursuant to 16 Tex. Admin. Code § 22.74.

  
Steven M. Gonzalez

**PUC DOCKET NO. 48791**

<b>APPLICATION OF PENDLETON</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>HARBOR WATER SUPPLY</b>	<b>§</b>	
<b>CORPORATION AND G-M WATER</b>	<b>§</b>	<b>OF TEXAS</b>
<b>SUPPLY CORPORATION FOR SALE,</b>	<b>§</b>	
<b>TRANSFER, OR MERGER OF</b>	<b>§</b>	
<b>FACILITIES AND CERTIFICATE</b>	<b>§</b>	
<b>RIGHTS IN SABINE COUNTY</b>		

**JOINT PROPOSED ORDER APPROVING SALE/TRANSFER TO PROCEED**

This Order addresses the application of Pendleton Harbor Water Supply Corporation (“Pendleton”) and G-M Water Supply Corporation (“G-M”) (collectively, applicants) for the sale, transfer, or merger of facilities and certificate rights in Sabine County. The Commission approves the sale and authorizes the transaction proposed in this application to proceed.

**I. Findings of Fact**

The Commission makes the following findings of fact:

**Applicants**

1. Pendleton is a retail public utility that operates, maintains, and controls facilities for providing sewer service in Sabine County under Certificate of Convenience and Necessity (CCN) No. 10737.
2. G-M is a retail public utility that operates, maintains, and controls facilities for providing sewer service in Sabine County under CCN No. 11393.

**Application**

3. On October 17, 2018, applicants filed an application for approval of the sale, transfer, or merger of facilities and certificate rights in Sabine County.
4. Applicants seek to transfer all of Pendleton’s facilities and service area under sewer CCN No. 10737 to G-M, cancel Pendleton’s sewer CCN No. 10737, and amend G-M’s CCN No. 11393.
5. The total area requested in this application includes approximately 1,024 acres and 234 current customers.

6. The requested service area subject to this transaction is located approximately 9 miles north-east of downtown Hemphill, TX, and is generally bounded on the north by the National Forest; on the east by Toledo Bend Reservoir; on the south by Toledo Bend Reservoir; and on the west by the National Forest.
7. In Order No. 5 issued on April 16, 2019, the administrative law judge (ALJ) found the application administratively complete.

#### **Notice**

8. Notice of the application appeared in the *Sabine County Reporter* on May 1, 2019 and May 8, 2019.
9. On May 10, 2019, April Prince filed an affidavit on behalf of G-M, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on April 24, 2019.
10. In Order No. 6, issued May 29, 2019, the ALJ deemed the notice insufficient as a result of faulty mapping data. Revised notices were sent to G-M's customers on June 6, 2019 and a revised Affidavit attesting to the provision of revised notice to current customers, neighboring utilities and affected parties was filed on June 17, 2019.
11. In Order No. 7, issued on July 1, 2019, the ALJ deemed the notice sufficient.

#### **Evidentiary Record**

12. On August 23, 2019, the parties filed a joint motion to admit evidence.
13. In Order No. \_\_ issued on \_\_\_\_, 2019, the ALJ admitted the following evidence into the record: The applicants' application, filed on October 17, 2018; the applicants' proof of notice and supporting documentation, filed on both May 10, 2019 and June 6, 2019; and Commission Staff's final recommendation for the transaction to proceed, filed on August 9, 2019.

**System Compliance – Texas Water Code (TWC) § 13.301(e)(3)(A); 16 Texas Administrative Code (TAC) §§ 24.227(a), 24.239(i)(3)(A), (i)(5)(A)**

14. G-M and Pendleton have not been subject to any unresolved enforcement action by the Commission, TCEQ, the Texas Department of Health, the Office of Attorney General, or the United States Environmental Protection Agency.

15. G-M and Pendleton do not have any violations listed in the TCEQ database.

**Need for Additional Service – TWC § 13.246(c)(2); 16 TAC §§ 24.227(d)(2), 24.239(j)(5)(C)**

16. This application is to transfer only existing facilities, customers, and service area.

17. Neither Pendleton nor G-M has received any new requests for service, and neither is requesting to add additional uncertificated territory.

18. Pendleton's existing customers in the requested area have a need for service.

**Effect of Approving the Transaction and Granting the Amendment – TWC § 13.246(c)(3); 16 TAC §§ 24.227(d)(3), 24.239(j)(5)(D)**

19. Pendleton and G-M are the only utilities affected by this sale and transfer.

20. All customers will be charged the same or lesser rates as they were charged before the transaction.

**Ability to Serve: Managerial and Technical – TWC §§ 13.241(a), 13.301(b), (e)(2); 16 TAC §§ 24.227(a), (d)(4), 24.239(g), (j)(5)(E)**

21. G-M has a sufficient number of licensed operators and the managerial and technical capability to provide adequate and continuous service to the requested service area.

22. G-M has sufficient capacity to serve the customers, and no additional construction is necessary.

**Ability to Serve: Financial Ability and Stability – TWC §§ 13.241(a), 13.246(c)(6), 13.301(b); 16 TAC §§ 24.11(e), 24.227(a), (d)(6), 24.239(g), (j)(5)(G)**

23. G-M's long term debt, divided by equity, produces a debt-to-equity ratio of less than one.

24. G-M demonstrated that it has the available cash levels to serve the requested service area.

25. G-M has demonstrated the financial capability and stability to provide continuous and adequate service to the requested area.

**The Feasibility of Obtaining Service from Adjacent Retail Public Utility – TWC §§ 13.246(c)(5); 16 TAC §§ 24.227(d)(5), 24.239(j)(5)(F)**

26. The requested area has existing facilities and is currently being served by Pendleton.
27. Utilities within a two mile radius were noticed, and no protests or requests to opt out were received regarding the proposed transaction.
28. It is not feasible for an adjacent utility to provide service to the requested area.

**Financial Assurance – TWC §§ 13.246(d), 13.301(c); 16 TAC §§ 24.227(e), 24.239(h)**

29. G-M's projected operating revenues are sufficient to cover projected operations and maintenance expense for the first five years after the completion of the proposed sale and transfer.
30. There is no need to require G-M to provide a bond or other financial assurance to ensure continuous and adequate service.

**Environmental Integrity – TWC § 13.246(c)(7); 16 TAC §§ 24.227(d)(7), 24.239(j)(5)(H)**

31. The proposed transaction will not adversely impact the environmental integrity of the land because the requested area is currently receiving service.

**Effect on Land – TWC § 13.246(c)(9); 16 TAC § 24.227(d)(9)**

32. The requested area will continue to be served by existing systems and facilities, and no additional construction is needed; therefore, the effect on the land should be minimal.

**Improvement in Service or Lowering Cost to Consumers – TWC § 13.246(c)(8); 16 TAC §§ 24.227(d)(8), 24.239(j)(5)(I)**

33. The proposed transaction will improve customer service to existing customers because the water system will be integrated in the system of G-M, and G-M anticipates that the rates for affected customers will decrease.

## **II. Conclusions of Law**

1. After consideration of the factors in TWC § 13.246(c), G-M has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area. TWC § 13.301(b).
2. Pendleton and G-M have demonstrated that the transfer of all of Pendleton's facilities and service area under sewer CCN No. 10737 to G-M's CCN No. 11393 will serve the public



interest and is necessary for the service, accommodation, convenience, and safety of the public. TWC § 13.301(d), (e).

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The sale is approved, and the transaction between applicants may proceed and be consummated.
2. As soon as possible after the effective date of the transactions, but not later than 30 days after the effective date, the applicants shall file proof that the transaction has been consummated and customer deposits have been addressed.
3. The applicants have 180 days to complete the transaction.
4. Under 16 TAC § 24.109(o), if the transaction is not consummated within this period, or an extension is not granted, this approval is void, and the applicants will have to reapply for approval.
5. The applicants are advised that the service area will remain under CCN No. 10737 and held by Pendleton until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants shall continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of the applicants' proof that the transaction has been consummated and that customer deposits, if any, have been addressed, Commission Staff shall file a recommendation regarding the sufficiency of the documents and propose a procedural schedule for continued processing of this docket.

**SIGNED AT AUSTIN, TEXAS on the \_\_\_\_ day of \_\_\_\_\_, 2019.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**ADMINISTRATIVE LAW JUDGE**